

**Testimony of the Honorable Jeb Hensarling (R-TX)**  
**House Committee on Transportation and Infrastructure**

**Aviation Subcommittee**

**July 12, 2006**

Mr. Chairman, thank you for holding this hearing and for inviting me to speak. Last year, along with my colleague Sam Johnson, I introduced the Right to Fly Act (H.R. 2646), which would fully, completely and immediately repeal the Wright Amendment. This is important for two reasons.

First, over 500 airports in the United States have commercial passenger air service. With the exception of Reagan National which sits on federal property, Congress in all of history has imposed distance limitations on just one airport, Love Field, and it did so to protect D/FW Airport from competition. I sincerely believe that sort of protectionism is not and should not be the role of the U.S. Congress.

Secondly, every study of the Wright Amendment, regardless of who commissions it, shows that fares will fall significantly with repeal. The U.S. Department of Transportation found that air travel in and out of North Texas cost about 1/3 more than the national average. That's a lot of money our constituents could be using to pay health care premiums, fill up a car or pay a utility bill.

Still, I understand reasonable minds can and have differed on this subject for over 30 years.

Against this backdrop, the cities of Dallas and Fort Worth as well as D/FW Airport, American Airlines and Southwest Airlines entered into negotiations that produced an historic agreement among them. I salute Mayors Miller and Moncrief for their tenacity and leadership in forging this consensus. I view their agreement as great progress. For the flying public, though, I do not necessarily view it as a great success.

Still, I have always indicated a willingness to support other plans besides my own as long as they met a two-fold test: 1) the plan clearly benefits consumers and 2) the plan removes Congress from the business of airport protectionism.

Without seeing legislative language, it is unclear to me whether the local agreement will satisfy both of these criteria.

With respect to helping consumers, I am concerned that the proffered agreement essentially constitutes an 8 year extension of the Wright Amendment. Most citizens believe that a 2-5 year gradual phase-out represents the reasonable compromise. The previously released Campbell-Hill study indicates that consumers annually pay almost \$700 million extra in airfares due to the Wright Amendment. Therefore, an 8 year extension translates into another \$5 billion loss to our constituents. Even by Washington standards, that's a big number and a big burden to American families.

On the other hand, I am increasingly convinced that immediate “through-ticketing” can positively impact competition and airfares. Although hard data is hard to come by, American Airlines and Southwest Airlines commissioned a study on just this topic and presented it to me yesterday, and I ask that it be made part of the record. The conclusion of the joint Campbell-Hill and SH&E study is as follows: 1) through-ticketing will produce \$259 million in fare savings annually. 2) 2 million new passengers will travel to and from the region, and 3) this will create a \$2 billion annual boost to the economy. Although I cannot vouch personally for the methodology, I find it encouraging that consumers may see an immediate benefit from this part of the local agreement.

I am also concerned that under the agreement the City of Dallas has chosen to reduce the number of permissible gates at Love Field from 32 to 20. Still, it is the City’s airport and I respect its right to contractually bind itself to do just that. (However, I do note that the federal taxpayer has contributed over \$70 million to Love Field improvements). I am further concerned that under the agreement Southwest Airlines has agreed, perhaps unenthusiastically, to restrict their Love Field flights to the 9 permissible states for 8 years. Still, it is their airline and I respect their right to contractually bind themselves to do just that. The combination of the two, however, means that full and immediate repeal will render far fewer consumer benefits than would otherwise be the case. Given all of this, if a bill comes to the floor that grants immediate through ticketing and full repeal 8 years from now, I will view it as a solid progress and I intend to vote for it.

My second concern is getting Congress out of the airport protectionism business once and for all. In the compromise agreement, the airlines and cities make joint pledges in such areas as gate limitations, international flights, initiating flights within 80 miles of D/FW and the list goes on. Parties have a right to make contracts.

But I see no compelling reason for the Congress to codify into Federal law private contractual obligations that are enforceable in court. Congress would be replacing one complex set of anti-competitive rules with another. We would end up with "Wright Lite." Thus, if a bill comes to the floor that codifies these specific obligations of the private parties into Federal law, I intend to vote against it.

For far too long the Wright Amendment has been a burden on both consumers and the national economy. Only Congress can repeal Wright, and we should. But if we cannot reach agreement on doing it today, I stand ready to work with any and all to codify into federal law the through-ticketing and 8-year repeal portions of the local compromise.

Thank you for the opportunity to testify.